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SUBJECT: NEW CROATIAN ANTI-CORRUPTION STRATEGY LATEST
SALVO IN "PERMANENT WAR"

REF: A) 05 ZAGREB 1580 B) 05 ZAGREB 1756

ZAGREB 00000384 001.2 OF 002

SUMMARY and COMMENT

¶1. (SBU) On March 16 the GoC approved and sent to the Sabor for ratification a new Strategy for the Battle Against Corruption. In presenting the Strategy to the public the previous week, Prime Minister Ivo Sanader emphasized that the battle against corruption is a permanent war that the Government of Croatia is ready to wage. The Strategy aims to overhaul and clean up the political party financing and public administration, judicial system, health system, local government and the economy.

¶2. (SBU) While the political will to battle corruption is strong and well publicized, it remains to be seen if this Strategy will suffer from the same weak and inconsistent implementation of the 2002 version. PM Sanader and former PM and SDP party leader Ivica Racan have been sparring bitterly in the press in recent weeks over the issue of corruption - i.e. which party is/was more corrupt when in power and which has done more to combat corruption. This public attention to the issue of corruption increases the likelihood that the Sabor will approve the Strategy quickly. However, the key test will be in the followup and implementation. Septel will address the capabilities and challenges facing the judicial system in combating corruption and organized crime. END SUMMARY and COMMENT.

GOVERNMENT SERIOUS ABOUT COMBATING CORRUPTION

¶3. (U) The new Strategy for Battling Corruption was drafted with input from the Council of Europe's Program Against Organized Crime and Corruption (PACO) to address shortcomings of the original 2002 Strategy. In his public comments introducing the Strategy at the Croatian Academy of Arts and Sciences March 10, Sanader expressed his strong political will and moral obligation to battle corruption, making it clear that the fight against corruption is for the ultimate betterment of life for the citizens of Croatia. Sanader claimed that this was the first time a Croatian government had invited public comment before approving a document of this importance. Sanader emphasized that the battle against corruption is a permanent war that the Government is ready to wage. He further emphasized

that 1) citizens of Croatia must live in a system in which they do not feel helpless before the government, and 2) the Strategy is not another condition for entry into the EU, rather a step ahead for Croatia and Rule of Law. Sanader emphasized that his government is responsible for this fight, its ideas have been implemented and it will succeed in this battle.

STRONG GOALS

¶4. (U) The Strategy sets ambitious deadlines and gives direct responsibility to specific ministries and government institutions to implement them. Major goals include: 1) implement stronger penalties against those who commit acts of corruption, 2) strengthen professional ethics of state and local administrations and small and medium enterprises, 3) secure a public administration that is responsible to the people and 4) reinstate the trust of the citizens, so that the people of the country receive proper and complete service.

¶5. (SBU) The Strategy was drafted by a working group led by Josip Kregar, Dean of the Law Faculty at Zagreb University. PACO experts reviewed the November 2005 draft at the GoC's request. The PACO team generally praised the Strategy for being more action-oriented than the 2002 Strategy, but cautioned that implementation mechanisms were sketchy. Kregar told PolOff that some sections were watered down after the November review. However, the final version presented by PM Sanader was substantially identical to the original, with the most notable addition being reference to Sanader's business promotion one-stop-shop licensing initiative, HITRO.hr (ref A). The other significant substantive changes were removal of proposed stricter limits on government latitude to sidestep public procurement rules. The version

ZAGREB 00000384 002.2 OF 002

approved by the Cabinet and passed to the Sabor (parliament) for approval added an additional section on improving ethics in academia, scientific research, and sports.

¶6. (SBU) Kregar did not take these changes lightly. In the public presentation of the Strategy March 10, Kregar specifically questioned the deletion of a provision calling for removing government officials from the management boards of state-owned enterprises. In his widely publicized parry, PM Sanader retorted that until such enterprises were privatized, government representatives were necessary on management boards to protect the State's economic interests.

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